

**DEPARTMENT OF INSURANCE**

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June 8, 2004

VIA FACSIMILE & U.S. MAIL

Law  Eagleburger, Chairman  
International Commission on Holocaust Era Insurance Claims  
1300 L Street, N.W., Suite 1150  
Washington, D.C. 20005

Dear Chairman Eagleburger:

I am sorry to say that I do not see much improvement in the International Commission on Holocaust Era Insurance Claims (ICHEIC).

ICHEIC is, once again, at a critical juncture. Based on ICHEIC's own statistics, if the insurers do not speed up their claims processing, claims will not be completed until 2011. With an operations budget set to last through the end of 2004, this is certainly a problem. Yet, at present, with only six months to go until the end of the year, I see no indication of any discussions to create a plan to resolve this dichotomy. I have heard of no discussions to plan for ICHEIC's closing down. I fear that without a plan, ICHEIC's role in the claims process will simply be dropped, so that it can get on to the distribution of humanitarian funds, and claimants will be deserted.

I do not see much improvement in ICHEIC's governance. I do not see much improvement in ICHEIC's management. And most importantly, I do not see much improvement in the speed and accuracy of claims processing.

Although ICHEIC faces serious problems, it continues to ignore those of its Commissioners who dare to suggest improvement, make constructive criticism, ask incisive questions or call for better management. Telling your staff that they are not allowed to talk to Sid Zab Ludoff is completely beyond the pale. ICHEIC should rely on everyone with the expertise needed to assist in its challenging tasks, including people who may be critical of it from time to time.

ICHEIC management is sloppy. The current claims verification system is woefully inadequate. The claims database still needs work. ICHEIC's refusal to update the valuation guidelines is amateurish. And too many of ICHEIC's interpretations of the rules favor the insurers. Reports that upwards of 100 claims from Washington and Maryland may have been misplaced are alarming.

Lawrence Eagleburger  
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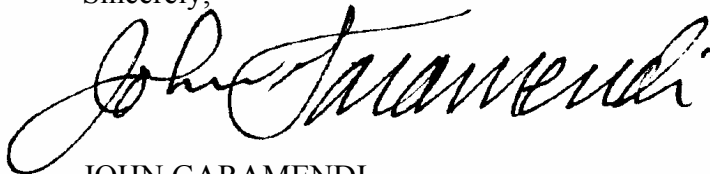
There are some possible solutions that have been proposed to you, which you have rejected. ICHEIC's matches should be enforced with the insurers. Incentives for the insurers to resolve claims in a reasonable amount of time should be built into the system. ICHEIC should take a strong stand with the insurers in enforcing obedience to claims procedures and valuation rules. There is no reason why a claim should state that for two years Allianz has identified a policy, but is still researching a defense. There is no reason why a claim submitted in 2000 should still be pending, with no communication to the claimant but a claim number. If the German insurers cannot get their state governments to play ball, they should pay the claims.

The sad thing is that while some of ICHEIC's problems would be very difficult to resolve (i.e. how to get more money from Generali so that they will be able to pay all of their claims), the management and governance problems are not so difficult. Allowing the valuation committee to meet and attaching their decisions to the valuation guidelines would be a big step. Hearing from regulators and Jewish groups together, instead of playing divide and conquer, would help. Making decisions with input from your members rather than making decisions and then notifying your Commissioners would be great.

I do not see any increase in the percentage of claims paid – a 5% grant rate is not acceptable. ICHEIC's systems are so deficient that insurers are still sending letters telling claimants that they are making an offer on a policy only as a humanitarian gesture, not because they joined ICHEIC in order to be able to pay claims. ICHEIC does not know what matching techniques are being used by most of the companies. The vast majority of California claimants who see their relative's name on the website list still get a letter telling them that there is no match. This lack of information completely denies any meaningful right to appeal. This, coupled with the fact that ICHEIC has refused to impose uniform matching standards, is outrageous.

I must tell you that I am beginning to have serious doubts as to whether ICHEIC is the best way to serve these claimants.

Sincerely,

A handwritten signature in black ink, appearing to read "John Garamendi". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

JOHN GARAMENDI  
Insurance Commissioner

JG:lt/vov

cc: ICHEIC Members (Commissioners)  
NAIC Holocaust Task Force Members